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SECTION 2 - GENERAL PROCESSING

C3. PROCEEDS DISPOSITION

C3.1. Cashier Duties and Money Handling

C3.1.1. Duties of Cashiers

C3.1.1.1. Receive payments, including storage charges and other miscellaneous funds (e.g., photograph costs, research costs, etc.).

C3.1.1.2. Secure all bid sheets prior to bid openings.

C3.1.1.3. Return all unsuccessful bids and make appropriate notations on DRMS Form 1458 (e.g., date deposited, date returned).

C3.1.1.4. Maintain DRMS Form 1578 or electronic DAISY Blotter for Cashier, so funds on hand, including change fund, can be reconciled.

C3.1.1.5. Maintain cash change fund when applicable. *Foreign currency cash funds will be maintained separately from US dollar cash funds.*

NOTE: Where a bank or finance office is not conveniently available to buyers, DRMOs will maintain a cash change fund from \$25 to \$250 (U.S. or equivalent foreign currency). Arrange the control and accounting with DFAS-CO-ADPB/CA and DRMS-RF to include posting of balance on DRMS Form 1578 Financial Record. The primary cashier normally administers the fund. Do not use this change fund for any purpose other than to make change for bidders, when necessary, for payments. Refunds are not to be issued from the change fund.

C3.1.1.6. Process credit card transactions.

C3.1.1.7. Receive funds and complete DRMS Form 51 for each payment. Deposit funds using SF 215, and prepare DD Form 1131.

C3.1.1.8. Prepare in detail, all Refund, Transfer, and Payment Vouchers (SF 1049, SF 1080 and SF 1081). Include *description* of the action on all vouchers.

C3.1.1.9. Maintain the DRMO serial or voucher number control for the DFAS-CO-ADPB/CA validated copy of all financial documents (DD Form 1131, SF 1049, SF 1080, and SF 1081) including the *description* of the action.

C3.1.1.10. Balance and then transfer the financial folder to the SCO for merging with the IFB and contract files upon completion of all financial transactions, including authorized refunds

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and reimbursement of proceeds to turn-in/generating activity.

NOTE: Cashiers may verify sales proceeds of all contracts by running DAISY Consolidated Inquiries after all the sales shipment transactions have been entered.

NOTE: Persons authorized to sign disbursing documents cannot be cashiers. The Sales Contracting Officer (SCO) is authorized to sign disbursement documents.

C3.1.2. Persons Authorized to Collect.

NOTE: If the DRMO is experiencing difficulty with procedures for the collection and disposition of funds, notify DRMS-RF in writing, with justification for any deviation to established procedures.

C3.1.2.1. The Chief DRMO will appoint or terminate appointments of individuals to serve as cashiers. An employee must first pass the "Cashier Correspondence Course" in order to serve as cashier. Appointments and terminations must be made in writing and retained in the Internal Management File as a permanent record. Place the following statement in the memorandum appointing individuals to serve as cashiers:

"(Name of individual) is appointed to serve as (primary or alternate) cashier for (NAME OF DRMO) and has successfully passed (minimum score of 76) the "Cashier Correspondence Course" and received all other necessary training pertinent to the required duties of this position."

C3.1.2.2. Two types of appointments may be made:

C3.1.2.2.1. *Permanent (Primary or Alternate).* Indicate the effective date on this type of appointment.

C3.1.2.2.2. *Temporary.* In the absence of a permanent cashier for any reason or for any length of time, the DRMO Store Manager may appoint a temporary cashier to ensure continuity of operations. Do not exceed 30 calendar days for these appointments.

C3.1.3. Banking Facility

C3.1.3.1. Each DRMO Store will be assigned an authorized commercial banking institution, which will serve as a depository for sales proceeds. These banks are approved by the Department of Treasury and are categorized as Treasury General Account (TGA) banks. All check/cash sales proceeds will be deposited at the designated TGA bank.

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C3.2. Security

C3.2.1. Safeguarding Funds

C3.2.1.1. Cashier Facility. Each cashier will be issued his or her own cash box or drawer. These should remain locked whenever they are not in use.

C3.2.1.1.1. Never leave funds unattended, even if they are in a locked cash box or drawer.

C3.2.2. Anti-Robbery/Actual Robbery Instructions

C3.2.2.1. *Training*. DRMO Central will train all personnel authorized to handle funds in these procedures before they are certified to handle funds. Training will be in accordance with host security procedures.

C3.2.2.2. *Anti-Robbery Plans*. The DRMO Chief will develop a comprehensive plan to activate in case of robbery at the DRMO. This plan will be coordinated with host physical security for adherence to host installation anti-robbery plans.

C3.2.3. Key Control

C3.2.3.1. DRMOs will ensure compliance.

C3.2.4. Security of Safe within the Cashier Facility

C3.2.4.1. DRMOs will ensure compliance of security for safes.

C3.2.4.2. Limit access to the cashier facility to authorized personnel only. This list includes: primary and alternate cashier, cashier supervisors, cash verifiers and auditors, disinterested witnesses for purposes of locking the safe, and official DLA/DRMS visitors.

C3.3. Reimbursements

NOTE: These instructions provide procedures for manual processing of reimbursements. Follow systems guidance for processing reimbursement of amounts collected and entered in the Financial Tracking System (FTS) and Daisy National Sales Program (DNSP).

C3.3.1. Disbursements to Reimbursable Activities

C3.3.1.1. Annotate the contract number in block 8 on DRMS Form 1709.

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NOTE: All sale items requiring reimbursement must have the information input to DNSP in lieu of submitting a DRMS Form 1709. DNSP will automatically generate the appropriate reimbursement data based on input.

C3.3.1.2. Forward annotated DRMS Form 1709, along with sales package to cashier.

C3.3.1.3. Verify information is correct (i.e., the abbreviated letter code(s) in column 2 corresponds with the applicable generator fund cite code(s) in column 3.)

C3.3.1.4. Prepare DD Forms 1131 for bid deposits (if applicable):

C3.3.1.4.1. *Usable sales* - Type fund account code in block 3 of the DRMS Form 1709 (under accounting classification of DD Form 1131).

NOTE: If there is a split of proceeds or a percentage to be reimbursed, bid deposits will be split on that basis.

C3.3.1.4.2. Annotate the amount and date of reimbursement onto the DRMS Form 1709.

C3.3.1.4.3. Receive payment for balance due.

NOTE: If a document is coded reimbursable, input balances due the reimbursable activity into the appropriate fund cite code for the amount that is reimbursable.

C3.3.1.4.4. Receive payment from customers billed for overages.

C3.3.1.4.5. Using DD Form 1131, deposit proceeds into the appropriate account.

C3.3.1.4.6. Receive delivery document.

C3.3.1.4.7. Process adjustments (if applicable) to reimbursable activity using SF 1080. Use SF 1081 to move funds for GOSFEE from the suspense account into the DWCF account.

C3.3.1.4.8. If funds have not been deposited to the appropriate reimbursable fund accounts, prepare SF 1080 for the total amount deposited to the appropriate reimbursable activity (Office Billed section of the SF 1080).

C3.3.1.4.9. When funds are reimbursed to activities erroneously or for a miss described claim, risk of loss, or any contractual circumstance encountered, notify the cashier to adjust reimbursable proceeds account(s).

C3.3.1.4.10. Adjust reimbursable proceeds account(s) as follows:

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C3.3.1.4.10.1 If funds are due to the same reimbursable activity or a frequent customer on a different contract or items:

C3.3.1.4.10.1.1 Deduct the amount over reimbursed from that contract by making an adjustment on SF 1080, indicating in the detailed description column the amount currently reimbursed, less the amount overly reimbursed. The amount showing in the "amount column" is the net adjustment.

C3.3.1.4.10.1.2 Enter the amount over reimbursed as a separate line entry on SF 1081 and credit it to the correct account.

C3.3.1.4.10.1.3 Forward an information copy to the reimbursable activity.

C3.3.1.4.10.2 If the activity is an infrequent customer and was not previously reimbursed by check:

C3.3.1.4.10.2.1 Process SF 1081 to debit the account previously credited on DD Form 1131 and credit the suspense account.

C3.3.1.4.10.2.2 Process another SF 1080 to debit the suspense account and credit the account of the activity due the reimbursement.

C3.3.1.4.11. Forward a letter to the activity requesting a return of erroneous reimbursement(s).

C3.3.1.4.12. Forward a copy of the letter to the cashier.

C3.3.1.4.13. Receive funds from activity(ies) that were erroneously reimbursed.

C3.3.1.4.14. Ensure suspense accounts are cleared within 60 days.

C3.4. Reports/Transactions

C3.4.1. Financial Record (DRMS 1578)

C3.4.1.1. Maintain electronic DAISY Blotter. The electronic DAISY Blotter will automatically prepare voucher for sales proceeds collections and refunds/reimbursements and eventually will electronically transmit this information to DFAS-CO for processing. This will feed data to a corporate database that will track financial information, such as accounts receivable, collections, and contact status.

C3.5. Proceeds

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C3.5.1. Collection of Proceeds

C3.5.1.1. Payments

NOTE: CONUS DRMOs are no longer authorized to take payments; all payments must be made at DRMS HQ, unless specific waiver is granted.

C3.5.1.1.1. Payments in the following forms are authorized:

C3.5.1.1.1.1 *Cash* (United States currency, except where IFB authorizes foreign currency.) When foreign currency is deposited it is converted to U.S. currency when credited to the DRMS account. **DRMS HQ does not accept cash payments.**

C3.5.1.1.1.2 *Guaranteed negotiable instruments made payable to or endorsed to the U.S. Treasury in any form* (e.g., cashier's check, certified check, traveler's check, bank draft and/or postal or telegraphic money order).

C3.5.1.1.1.3 *Canadian postal money orders* designed for payment in the United States must state specifically that they are payable in U.S. Dollars in the United States.

C3.5.1.1.1.4 *Wire transfer or electronic funds transfer* (CV and Exchange Sales Only).

C3.5.1.1.1.5 *The U.S. Treasury has approved the use of American Express, Discover Card, Master Card, and VISA.* Accept approved credit cards for payment if the DRMO is equipped to accept them.

C3.5.1.1.1.5.1 If a credit card is used and authorization is declined, allow the bidder to replace the credit card with another acceptable means according to the terms of the sale. *Annotate the date and time the credit card transaction was declined.*

C3.5.1.1.1.5.2 If a DRMS IFB provides for a credit card instead of other forms of payment, obtain the following information:

C3.5.1.1.1.5.2.1 Credit Card Account Number

C3.5.1.1.1.5.2.2 Bidder's name as it appears on the credit card

C3.5.1.1.1.5.2.3 Bidder's address

C3.5.1.1.1.5.2.4 Credit Card Account Expiration Date

C3.5.1.1.1.5.2.5 Name of Issuing Bank

C3.5.1.1.1.5.2.6 Type of Card (e.g., VISA, Discover, MasterCard, etc.)

C3.5.1.1.1.5.2.7 IFB, Bidder ID or Sales Contract Number and Item

Number

C3.5.1.1.1.5.2.8 Dollar amount to be charged

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C3.5.1.1.1.5.2.9 Credit Card holder's signature (forwarded by facsimile or mail to HQ DRMS Cashier)

C3.5.1.1.1.5.2.10 Combinations of the above are acceptable as payment.

C3.5.1.1.2. Other acceptable forms of payment:

C3.5.1.1.2.1 Uncertified personal and/or a company check for amounts over \$25.00, properly accompanied by an acceptable security. See Acceptable Forms of Security (C3.5.1.1.4), this chapter.

C3.5.1.1.2.2 Uncertified personal and/or company checks in the amount of \$25.00 or less, when submitted for ancillary charges (e.g., debt payment, storage charge, liquidated damages, interest, etc.).

C3.5.1.1.2.3 Payments received from non-appropriated fund instrumentality, state or local governments.

C3.5.1.1.3. Acceptance of Foreign Currency

C3.5.1.1.3.1 Buyers of Foreign Excess Personal Property (FEPP) shall pay in U.S. dollars or the equivalent in foreign currency, which is readily convertible into U.S. dollars. Where U.S. dollars are not available, the acceptance of foreign currency is authorized subject to the following conditions:

C3.5.1.1.3.1.1 Payments exceeding the equivalent of 5,000 U.S. dollars in individual sale transactions (that is, total of all items offered in a single sale, not for individual items included in a sale) may be accepted only after obtaining prior approval from the Defense Finance and Accounting Service (DFAS). When required, DFAS will submit the requests through their chain of command to the Department of State (DoS) and Treasury Department (TD) for approval. In countries where a considerable amount of FEPP may be available for sale and where it is expected it may be necessary to accept foreign currency; DRMS shall submit a request to DFAS for an annual authorization, on a calendar year basis, for the acceptance of foreign currency.

C3.5.1.1.3.1.2 Payments of up to the equivalent of 5,000 U.S. dollars for individual transactions, at the rate of exchange applicable to the U.S. Government, may be accepted without further consultation if:

C3.5.1.1.3.1.2.1 Assurance has been obtained through the local DoS representative that such currency may be used in payment of any or all U.S. Government expenditures in the country whose currency is accepted. This provision is applicable only when annual authorizations have not been received.

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C3.5.1.1.3.1.2.2 It is not feasible to sell for U.S. dollars or to ship the property to a country (other than the United States, except where property is a type authorized for return) where it may be sold for U.S. dollars, or a freely convertible foreign currency.

C3.5.1.1.3.1.2.3 The currency is not that of a country whose assets in the U.S. are blocked by TD regulations.

C3.5.1.1.3.1.2.4 The currency is that of a country with which the United States maintains diplomatic relations.

C3.5.1.1.3.1.3 Foreign currency accepted need not be the currency of the country of sale, if the currency offered is otherwise acceptable to the DoS and TD, and can be accepted under the U.S. and host governments' agreements governing the sale of U.S. FEPP. In this connection, the sale solicitation shall indicate the foreign currencies, which shall be accepted for a particular sale.

C3.5.1.1.4. Acceptable forms of securities are as follows:

C3.5.1.1.4.1 Standard Form 150, Deposit Bond - Individual Invitation, Sale of Government Personal Property may be used as security for uncertified personal and/or company checks, subject to the approval of the Chief, Operations Branch (provided that person is not the SCO) or the SCO for sales conducted at DRMOs. SF 150 is executed by surety companies appearing on the U.S. Treasury Department list of acceptable sureties and by individual sureties. Personal and/or company checks are limited to the penal sum of the bond. SF 150 will be returned in kind, with the accompanying personal and/or company check, to the unsuccessful bidder according to Processing Collections, this chapter. In the case of successful bidders, SF 150 will be held and become part of the contract file.

C3.5.1.1.4.2 Standard Form 151, Deposit Bond - Annual, Sale of Government Personal Property. Annual bid bonds may be used as security for uncertified personal and/or company checks. Personal and/or company checks are limited to the penal sum of the bond. DRMS, in coordination with legal counsel, is responsible for review and approval of requests, maintenance of central management control and dissemination of information to field activities. Return the personal and/or company check of the unsuccessful bidder according to Processing Collections topic, this chapter (C3.5.1.2.1).

C3.5.1.1.4.3 Irrevocable Commercial Letter of Credit (see Section 4, Supplement 2, Chapter 3, Proceeds Disposition, Enclosure 1, Attachments 1, 2 & 3). A letter of credit may be used as security for uncertified personal and/or company checks up to the maximum amount of the letter of credit. The personal and/or company check of the unsuccessful bidder will be returned in kind according to Processing Collections (3.5.1.2.1), this chapter. In the case of the successful bidder, the personal and/or company check will be deposited according to Disposition of Payments Following Award of Contract, (3.5.1.2.2.), this chapter.

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C3.5.1.1.4.3.1 Each letter of credit must be clearly irrevocable. If an expiration date is specified, the letter of credit is not acceptable if the expiration date is less than 30 days from the end of the contract period. In addition, the following minimum criterion is required for acceptance of letters of credit. The document must:

C3.5.1.1.4.3.1.1 State clearly that it is a "Commercial Letter of Credit." (It need not say it is irrevocable, but it cannot say it is revocable.)

C3.5.1.1.4.3.1.2 Be an original or clearly state on its face that reproductions of the original document may be considered as an original document.

C3.5.1.1.4.3.1.3 Be on bank stationery.

C3.5.1.1.4.3.1.4 State the maximum amount.

C3.5.1.1.4.3.1.5 State the name and address of the company/individual submitting the bid.

C3.5.1.1.4.3.1.6 State the IFB number and opening date.

C3.5.1.1.4.3.1.7 Be signed by the issuer (authorized signature of bank official).

C3.5.1.1.5. Bank Guarantees submitted as security for uncertified personal and/or company checks by bidders purchasing property in CONUS are not acceptable. European bank guarantees used by bidders purchasing Foreign Excess Personal Property (FEPP) are acceptable. European bank guarantees will be handled by DRMS-O.

C3.5.1.2. Processing Collections

C3.5.1.2.1. Process receipt of Bid Deposits and pre-payments on Term Contracts as follows:

C3.5.1.2.1.1 Deposit cash no later than the close of business the first workday after receipt for deposit to the proper account.

C3.5.1.2.1.2 Process credit card transactions through the network bank and receive acceptance or denial. Credit card printer will provide transaction slip.

C3.5.1.2.2. Disposition of Payments Following Award of Contract (including pre-payments on Term Contracts).

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C3.5.1.2.2.1 Deposit any payments of the successful bidder on contracts where refunds may be required immediately, to suspense account. Use these accounts to pay approved refunds.

C3.5.1.2.2.2 Deposit any payments of the successful bidder on contracts where refunds are not required immediately, to the appropriate account (e.g., industrial funds, Instrumentality (NAFI), General Receipts of the Treasury, etc.). Use SF 215 to make the deposit.

C3.5.1.2.2.3 Deposit and apply all authorized and acceptable forms of payments from successful bidders to the total contract price no later than the first workday following property award. Do not complete refunds and/or transfers until sufficient time has passed to allow the uncashed check to clear the financial institution upon which it is drawn.

C3.5.1.2.3. Withholding and Offset. When funds are received from an individual or organization indebted to the government or a refund is due a bidder indebted to the Government, regardless of the type of instrument see Claims Against Contractors, C3.7.1.1. this instruction, for further guidance.

C3.5.1.2.4. Payments on Contract by Successful Bidder

C3.5.1.2.4.1 Collect payment. (See "Payments in the following forms are authorized..." (3.5.1.1.1), this chapter, for authorized form of payment.)

C3.5.1.2.4.2 Deposit payment immediately to the appropriate accounts. (See Disposition of Proceeds (3.5.1.4), this chapter, and Section 4, Supplement 2, Chapter 3, Proceeds Disposition, Enclosures 2 & 3).

C3.5.1.2.4.3 Use SF 215 to deposit the payment.

C3.5.1.2.4.4 Guarantee all other payments received in check or credit card - no exceptions (e.g., storage, liquidated damages, interest, and user charges).

C3.5.1.3. Accounting For Proceeds

C3.5.1.3.1. A Financial Record, DRMS Form 1578, commonly referred to as the blotter, covering all sales must be maintained (systems generated or manually, where automation is not available) by the appointed cashiers of DRMS/DRMOs.

C3.5.1.3.2. Change fund transfers between cashiers must be reflected on the financial records.

C3.5.1.4. Disposition of Proceeds, Refunds and Transfers

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C3.5.1.4.1. *Cash Collection Voucher.*

C3.5.1.4.1.1 Action by the DRMO. Deposit all funds received by cashiers in the approved Treasury General Account (TGA) at the specified financial institution. Forward DD Form 1131 and SF 215, for ultimate deposit to the appropriate account, via facsimile to DFAS-ADPB/CA. Cashiers will prepare a separate voucher for each IFB concerned and a separate voucher for credit card sales.

C3.5.1.4.1.2 Vouchers transmitting funds. List the bidder's name, appropriate accounting classification, date funds were collected, the purpose (e.g., storage charge, etc.), registration/contract number and individual amount.

C3.5.1.4.1.3 Vouchers that include a setoff from an indebted bidder. Show the contractor's name, contract number(s) of the setoff, principal and interest of the setoff, and the appropriate accounting classification, the bidder registration number, and the sale number from which the funds became available.

C3.5.1.4.2. *Depositing of Proceeds:*

C3.5.1.4.2.1 Sales proceeds shall be credited to the accounting classification for the type property cited on the DD Form 1348-1, Disposal Turn-in Document.

C3.5.1.4.2.2 DRMS will retain sales proceeds for all categories of property (including those from former industrial funded activities) up to the amount necessary to recover its disposal operating costs. Sales proceeds from sale of *Resource, Recovery, and Recycling Program (RRRP) material are excluded from the application of disposal operating costs.*

C3.5.1.4.2.3 The disposition of proceeds for sale of Surplus Personal and foreign excess property falls within three specific categories. See Section 4, Supplement 2, Chapter 3, Proceeds Disposition, Enclosure 5, Attachment 2, for more information.

C3.5.1.4.2.3.1 Property designated as not reimbursable to a generating activity. Unless a law specifically requires reimbursement of sales proceeds, DRMS will retain all proceeds for credit to the Defense Working Capital Fund Account, 97X4930. **5NRO**. When directed by Under Secretary of Defense (Comptroller) (USD(C)), 25 percent of gross proceeds will be deposited to the U.S. Treasury miscellaneous receipt account. This category of property includes:

C3.5.1.4.2.3.1.1 *Scrap and Usable Personal Property* that does not fall in any of the other two categories.

C3.5.1.4.2.3.1.2 *Bones, Fats, and Meat Trimmings* generated by commissary stores.

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C3.5.1.4.2.3.1.3 *DWCF Supply Management Excess Inventory Items*

C3.5.1.4.2.3.2 Property designated as reimbursable to the generator. DRMS will retain proceeds up to the amount necessary to recover all disposal-operating costs. Net proceeds (gross proceeds less disposal operating costs) will be reimbursed to the generator. This category of property includes:

C3.5.1.4.2.3.2.1 *Automatic Data Processing Equipment* owned by GSA and leased to DOD.

C3.5.1.4.2.3.2.2 Property purchased with funds from *the Surcharge Collections, Sales of Commissary Stores (Equipment Only)*.

C3.5.1.4.2.3.2.3 *Contractor Inventory* (includes government-furnished material/equipment in the possession of contractors).

C3.5.1.4.2.3.2.4 *Property owned by a non-appropriated fund instrumentality*, excluding garbage suitable for animal consumption that is disposed of under a multiple-pickup contract (e.g., Morale, Welfare, and Recreation Activities, or Army-Air Force Exchange Service).

C3.5.1.4.2.3.2.5 *Lost, Abandoned, or Unclaimed Privately Owned Personal Property* turned in to DRMS. *The installation (generator) is responsible for complying with 10 U.S.C. 2575.*

C3.5.1.4.2.3.2.6 *Military Assistance Program (MAP) financed equipment and equipment belonging to Security Assistance Organizations (SAO)* (22 U.S.C. 2355).

C3.5.1.4.2.3.2.7 *General Gifts (Title 10, U.S.C. Section 2601)* bequest of real or personal property.

C3.5.1.4.2.3.2.8 *General Gifts (Title 10 U.S.C. Section 2605)* DOD department's education system.

C3.5.1.4.2.3.2.9 *Real or Personal Property (Title 10 U.S.C., Section 2608)*.

C3.5.1.4.2.3.2.10 *Usable U.S. Coast Guard property under the physical control of the Coast Guard at the time of sale* (14 U.S.C., 641).

C3.5.1.4.2.3.2.11 *U.S. Army Corps of Engineers (COE) property under the physical control of the U.S. Army COE at the time of sale* (33 U.S.C., 558).

C3.5.1.4.2.3.3 Property that, by law or agreement, DRMS must reimburse gross proceeds, but then may bill for disposal costs. DRMS must reimburse gross proceeds

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where the law requires proceeds returned or deposited to a revolving fund, trust fund, non-appropriated fund, or other appropriation, fund or account. *DRMS will bill an amount equal to the actual cost associated with property disposal and sale.* This category of property includes:

C3.5.1.4.2.3.3.1 *Federal Civil Agencies*, where an MOA who have Memorandum of Agreements will have gross proceeds deposited to Miscellaneous Receipts of the Treasury and DRMS will bill for the disposal fee quarterly.

C3.5.1.4.2.3.4 *Resource Recovery and Recycling Program Property (RRRP)* is classified as net reimbursable in the Financial Management Regulation; however, DLA has exempted this special property from DRMS' fees. Therefore, RRRP property is reimbursed gross proceeds.

C3.5.1.4.2.4 *Unless specified above*, deposit proceeds received from the sale of DOD surplus and foreign excess personal property directly to the General Fund Receipt Account *the DRMS Working Capital Fund (97X4930.5NR0 001 532.01 JHH2 [contract #] S033181)*. This includes charges for *storage, loading, or wharfage fees* when the property is stored at DOD installations. Where the property sold is stored at a non-DOD installation, deposit fees received for storage, loading and wharfage to the same appropriation account to which sales proceeds are assigned.

C3.5.1.4.2.5 Sales proceeds for *Federal Civil Agency (FCA) Property* will be credited to the General Fund Receipt Account, 97R2651.

C3.5.1.4.2.6 *Liquidated Damages* received as a result of contractor default will be deposited to the *DRMS Working Capital Fund (97X4930.5NR0 001 532.01 JHH2 [contract #] S033181)*.

C3.5.1.4.2.7 *Freedom of Information Act (FOIA) fees* will be deposited to 97R3210.0004 S033181 APC: 00CPX0.

C3.5.1.4.2.8 *Interest* received as a result of contractor indebtedness shall be deposited to the General Fund Receipt Account, 97R3210.0013.

C3.5.1.4.3. *Refunds and Transfers.* Process all authorized refunds and transfers as soon as possible, especially at the end of the fiscal year. Process adjustment or refund to purchaser, due to variation in quantity or weight or as a result of approved claim, as follows:

C3.5.1.4.3.1 As each contract is completed (i.e., paid for and removed) the DRMO will forward a copy of the DRMS Form 1427 and the validated DD Form 1131 to the SCO. When there is a discrepancy, the successful bidder must pay the amount shown on the contract. Do not make refunds until after the SCO reviews the contract file (see Section 2, Chapter 6, Sales, Contract Administration) *and provides a signed DRMS Form 915, Statement of Account.* When the SCO determines a refund is due, the cashier will prepare an SF 1049, to

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pay the refund to the customer. The SF 1049 must also cite the contract number. *There should be only one contract per refund voucher.* DFAS-ADPB/CA will post to the appropriate account and issue a check. A report of the refund will be returned to the cashier and *filed in the financial folder.*

C3.5.1.4.3.2 Within 60 days after final payment is made, clear the suspense account for each contract by transfer to the appropriate account (e.g., NAF, DeCA, General Receipts of the Treasury, etc.). At the discretion of the SCO pre-payments for term contracts can be held in suspense account until the last month's deliveries. At that time the deposit can be used to cover any refunds or adjustments. Deposit subsequent payments to the appropriate account(s). Deposit the final payment received prior to, and for the last month's delivery, to the suspense account to cover any refunds or adjustments. Based on the SCO's review, transfer these funds from suspense, in total or in part, to the appropriate accounts and/or refund to the customer. If the funds in suspense are insufficient to cover the amount due the Government, bill the customer the final balance due.

C3.5.1.4.3.3 Complete refunds against cash and guaranteed negotiable instruments promptly. In the case of a cash refund for misdescribed items prior to deposit of days proceeds, the cashier may refund the money after validation by the SCO that the claim has merit, the same day payment is made by annotating the amount refunded on the DRMS Form 1427 and having the purchaser/agent initial as receiving the refund.

C3.5.1.4.3.4 Process credits against credit cards promptly through the network bank.

C3.5.1.4.3.5 Do not make refunds against personal checks until at least 15 workdays after deposit; but the amount of refund and distance involved to timely clear the deposit check must be considered to minimize the Government's issuing a refund against a dishonored check. Use good judgment (e.g., if the total award was \$150 and the purchaser submitted four \$100 checks, two should be deposited and two should be returned along with a refund and an explanation.)

C3.5.1.4.3.6 The cashier will prepare and forward an authorized financial document such as a SF 1080, to DFAS-ADPB/CA upon determination of the proper disposition of proceeds.

C3.5.1.4.3.7 Make transfer of funds *by Intra-Government Payment and Collection (IPAC) system* to DFAS-ADPB/CA when the reimbursable fund is not administered by DFAS-ADPB/CA. HQs. (DRMS only.) Contact DRMS-RF cashiers for instructions and assistance.

C3.5.1.4.4. Waiving of Payments of Refunds

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C3.5.1.4.4.1 When amounts of less than one dollar are waived for payment or refund according to the appropriate conditions of sale, account for the funds (increased or decreased) as follows:

C3.5.1.4.4.1.1 Administratively increase or decrease the contract price to the limit of ninety-nine cents (\$0.99), as appropriate, to preclude any further bookkeeping transactions or adjustments.

C3.5.1.4.4.1.2 When the contract price is increased, deposit the amount increased to the account that received the proceeds of sale.

C3.5.1.4.4.1.3 SCO will indicate on authorized financial document, such as SF 1080, that the contract price has been increased or decreased by \$____, according to the appropriate conditions of sale. If the DRMO experiences difficulty with procedures for the collection and disposition of funds contact DRMS-RP in writing, with justification for any deviation to established procedures.

C3.5.1.4.4.2 *If the amount owed/due is less than \$10 but greater than \$1, do the refund/bill only if the SCO approves after a customer asks for it in writing. For amounts less than \$1 under no circumstance should the refund/bill be processed.*

C3.6. Checks, Charges and Receipts

C3.6.1. Miscellaneous Charges and Receipts

C3.6.1.1. User Charges. This paragraph supplements DOD 7000.14-R, Chapter 4, 31 U.S.C. 9701, and OMB Circular A-25.

C3.6.1.2. Requests for Sales Records. Process all requests for sales records under DOD 7000.14-R.

C3.6.2. Collection Receipt

C3.6.2.1. DRMS Form 51 (see Section 4, Supplement 2, Chapter 3, Proceeds Disposition, Enclosure 4, for a sample DRMS Form 51) is authorized for use in issuing receipts to purchasers in person for cash or negotiable instruments when required. Collection Receipt form is not required in those instances where receipt is acknowledged on DRMS Form 1427 or for receipts other than cash, unless a receipt is requested in person by a purchaser or his agent for a negotiable instrument.

C3.6.2.2. Explanation and Use. Prepare DRMS Form 51 in carbon-interleaved sets of three. Separate and use individually for collection receipts. Its original use was for Spot Bid and Auction Sales where issue of numerous receipts was necessary. The DRMS Form 51 can be used for all collections where payment cannot be confirmed on a DRMS Form 1427 or can

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be used to substantiate financial vouchers.

C3.7. Claims Against Contractors

C3.7.1. General

C3.7.1.1. Action required of the SCO when money is received from a bidder indebted to the Government. (See Processing Collections, Withholding Offset, C3.5.1.1.4.1, this chapter.)

C3.7.1.1.1. Research *the status of indebtedness by verifying the data in DNSP* and call or e-mail DRMS-RF by telephone *or e-mail for OCONUS* to determine if the debt still exists and the amount of the indebtedness. The e-mail address is DRMSCashiers@mail.drms.dla.mil.

C3.7.1.1.2. Notify the cashier so that money may be deposited to the appropriate account, no later than the close of the following business day after receipt, and forward a copy to DRMS-RF via facsimile. If the bidder has submitted an uncertified personal or company check, allow sufficient time (normally 15 days) for the check to have been returned by the bank upon which it was drawn.

C3.7.1.1.3. Notify the debtor by letter (see Section 4, Supplement 2, Chapter 3, Proceeds Disposition, Enclosure 5, for a Sample Deposit Letter).

C3.7.1.1.3.1 Allow the individual 30 calendar days in which to respond to the charges of indebtedness.

C3.7.1.1.3.1.1 If the individual is an unsuccessful bidder, explain that the bid deposit is being withheld for possible set-off action.

C3.7.1.1.3.1.2 If the individual is a successful bidder, explain that the bid deposit is being deposited to offset the debt. Any excess portion of the bid deposit may be applied to awards on those items that will be in the best interest of the Government.

C3.7.1.1.3.1.3 If a refund is due the bidder, explain that the refund is being withheld for offset action.

C3.7.1.1.3.2 If, after receipt of the individual's response, it is determined that funds were held in error, notify the individual in writing. A refund will be forwarded under separate cover if individual was an unsuccessful bidder. The payment will be applied toward the bid or contract being held in abeyance, if the individual is a successful bidder.

C3.7.1.1.4. If the debtor has submitted/referenced a letter of credit or an approved bid deposit bond in support of a personal and/or company check to satisfy the bid deposit requirement, a copy of all correspondence to the bidder to cure the debt should be sent to the surety.

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C3.7.1.1.5. If the debt is legitimate or unchallenged, process the debt according to paragraphs below.

C3.7.1.2. No Awards. Do not make any awards if the bidder is indebted to the Government as a result of prior purchases of surplus property. Process all debts as set forth in this volume. In unusual cases, the interests of the Government may dictate that award should be made to an indebted bidder and a determination to do so may be made on an individual case-by-case basis by assigned counsel. The DRMS Commander will make such decisions and document the reasons and provide a copy of his determination for the contract file.

C3.7.1.3. Action required of the SCO

C3.7.1.3.1. If the balance due is not paid within 30 calendar days from the date the statement of account or statement of account for liquidated damages is mailed, the amount will become a debt. The Sales Officer must prepare a DRMS Form 826. Such should be accomplished within 2 workdays following the suspense date established (i.e., default cure, as stated in Block 6 of DRMS Form 433).

C3.7.1.3.2. Simultaneously, where a purchaser cites an approved bid deposit bond or letter of credit in support of his bid, the SCO will make written demand for payment to the surety for that bid bond or letter of credit. The demand will be for the total amount due (up to a maximum of 20 percent of the original total contract price if security was a bid deposit bond.) If the surety pays the entire debt amount, forward a copy of the DD Form 1131 to DRMS-RF. If a debt remains after surety's payment of the amount to which they are obligated, process the remaining debt as indicated below. If the surety refuses demand for payment, include the SCO's written demand and surety's written refusal in the file and process the debt as indicted below.

C3.7.1.3.3. Transfer all debts not paid within the notice period. Systematically or manually prepare the DRMS Form 826, Debt Transfer Report and forward it to DRMS-RF, 74 N Washington Avenue, Battle Creek MI 49017-3092, for further collection action.

C3.7.1.3.3.1 Accomplish transfers on DRMS Form 826 with all the supporting documents that make up debt amount (on Term Sales include all DRMS Form 915 as supporting documents.) The remarks section of DRMS Form 826 should contain such current credit data as is readily available to the DRMO. This section should also contain a recommendation (affirmative or negative) to compromise, discontinue, or terminate the claim along with the basis for this recommendation. Include any other information that may assist DRMS in determining the validity of the claim or in collecting the debt. Claims determined by DRMS-RF to be invalid will be returned to the Sales Contracting Officer.

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NOTE: *The sales contract and item number, tax identification number (or social security number), name, address, and telephone number of the debtor must be included in supporting documentation.*

C3.7.1.3.3.2 List these debts by the respective DRMO Name. This list should contain substantially the same information as in DNSP/FTS. The cashier will use this data for possible offset in future transactions.

C3.7.1.3.3.3 Refer protests or objections by the debtor to assigned counsel for resolution.

C3.7.1.3.3.4 *Under no circumstances can the SCO relieve a contract debt. This determination must be made by DRMS-RF or higher of Legal approval.*

C3.7.1.4. Special Situations

C3.7.1.4.1. Notwithstanding the procedures outlined above, should it appear to the contracting officer that a debt was incurred in such a manner as to indicate possible fraud, report the debt immediately to assigned counsel by telephone, *or by e-mail if in OCONUS*, for guidance.

C3.7.1.4.2. If at any stage during the processing of a debt the contractor disputes the amount due or otherwise contests the debt, obtain assigned counsel guidance prior to making further demands for payment.

C3.7.1.4.3. If at any time after documentation of a debt, the debtor requests permission to make payments through a deferred payment plan, obtain guidance from DRMS-RF.

C3.7.1.4.4. Should an indebted bidder be the high bidder for any item, the SCO will contact DRMS-RF for guidance as to whether award can be made.

C3.7.1.4.5. Anyone attempting to register at a local or national sale, whose name appears as a DRMS debtor or upon a local indebtedness list, will be registered but no contract awards will be made if the individual is the high bidder until DRMS-RF is contacted to validate or determine the current status of the indebtedness. DRMS-RF will refer to DRMS-G for guidance when necessary. Should the bidder pay the debts in total (principal and interest) allow the individual to register to bid. *If anyone attempting to register at a local or national shows up as "debarred" in DNSP, the individual will not be registered and should be escorted off the premises.*

C3.7.1.5. Procedures for Withholding and Offset of Funds. DRMOs will withhold funds up to the appropriate total amount of the debt (i.e., interest plus principal). Deduct all of the interest computed to the date of the offset or up to the total amount of the offset available first,

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and apply any remaining funds to the principal.

NOTE: The application of interest is explained in Application of Interest, (3.8.1.), this chapter, and contains examples of processing debt offsets. Based on information debt, DRMOs will withhold any available funds for possible offset against debtor. DRMOs will make preliminary calculations of the offset based on the listing and contact DRMS-RF by telephone to coordinate the offset. This is necessary to ensure that the principal amount(s) and interest date(s) listed are still current. Number the offsetting financial document in the voucher number series and file in the financial folder of the IFB that generated the money for the offset action. Furnish a vouchered copy of the offsetting document containing the name of the debtor to DRMS-RF. This will be a manual transaction and must be annotated on the electronic 1578.

C3.7.1.6. Voluntary Debt Payments. When a bidder voluntarily submits a payment of a previous debt where the financial folder has been closed out and/or the debt has been forwarded to DFAS-CO, or it is for a debt incurred on a sales contract, contact DRMS-RF by telephone to coordinate the collection. Prepare a numbered voucher and file in a Collection Voucher - Voluntary Debt Payments Folder. Furnish DRMS-RF a vouchered copy of the collection voucher.

C3.7.1.7. Administrative Offset of Debts. An administrative offset is withholding money of a person or company to satisfy a debt owed the Government by that person or company. Administrative offset applies to cases wherein money submitted to DRMS by a bidder is subsequently applied against the indebtedness to satisfy the bidder's debt. Administrative offset of debts also applies to affiliated (cross-referenced) persons or companies incurring debts or local indebtedness listing and to the withholding of a bidder's funds (i.e., bid deposit). Voluntary debt payments by the indebted party are not considered administrative offsets. Treat as normal debt collections (see Payment Forms, 3.5.1.1.1.5.2. above).

C3.7.1.7.1. Whenever it has been determined that a possible affiliation may exist between a bidder and an indebted entity, the SCO will take the following action:

C3.7.1.7.1.1 Telephonically or by e-mail if in OCONUS advise assigned counsel of the suspected affiliation.

C3.7.1.7.1.2 Deposit bid-deposit money received according to "Depositing of Proceeds," (3.5.1.4.2.) this chapter, regardless of whether guaranteed or non-guaranteed instruments.

C3.7.1.7.1.3 If the allegedly affiliated bidder is not high on any items, proceed with the award process to the high bidder(s). But, if said bidder is in line for an award, defer such action pending establishment of non-affiliation. Ensure that the bid acceptance periods of any affected bidders will not expire; request extensions as necessary but only from bidders who have allowed the full 60-day period for the consideration of their bids.

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C3.7.1.7.1.4 If funds deposited were in guaranteed instrument, immediately issue a letter (see Section 4, Supplement 2, Chapter 3, Proceeds Disposition, Enclosure 5, Attachment 2, for a sample letter) to the allegedly affiliated bidder. If monies were not in guaranteed instrument, wait for the check to clear the banking institution prior to issuing said letter. In those instances when the check does not clear, proceed with established bad check reporting procedures.

C3.7.1.7.1.5 Telephonically, or by e-mail if in OCONUS, advise assigned counsel of response, or lack thereof, to the SCO's request for proof of non-affiliation and issue the offset letter (see Section 4, Supplement 2, Chapter 3, Proceeds Distribution, Enclosure 1, Attachments 1, 2 & 3, for sample letters) when appropriate.

C3.7.1.7.2. When withholding a bidder's funds (i.e., bid deposit or refund) to satisfy or apply directly against a bidder's debt, the SCO should:

C3.7.1.7.2.1 Deposit these funds regardless of whether a guaranteed or non-guaranteed instrument. The procedure as described in (C3.5.1.4.2) above should be followed with the appropriate letter issued (see Section 4, Supplement 2, Chapter 3, Proceeds Distribution, Enclosure 5, Attachment 2 for a sample letter.)

C3.7.1.7.2.2 Whenever an offset is to be made directly against the bidder's funds in the Government's possession, telephonically or by e-mail if in OCONUS advise assigned counsel of the response, or lack thereof, to the SCO's request to show cause why an offset should not be made.

C3.8. Application of Interest

C3.8.1. Determination of the Beginning Date of Interest

C3.8.1.1. Interest on any unpaid partial payment or interest on the unpaid balance of the purchase price commences on the due date specified in the billing (DRMS Form 915 or DRMS Form 433).

C3.8.1.2. Interest accrues from the payment due date for any personal and/or company check that is not honored and returned by the bank against which it is drawn and is not redeemed within 30 days after notice.

C3.8.2. Determination of the Interest To Be Paid

C3.8.2.1. The interest period, i.e., the actual number of days the principal has been outstanding, is computed as follows:

C3.8.2.1.1. *Debt Payments.* The interest period is figured from the beginning date of interest to the day preceding the postmark date on the envelope containing the payment, or the actual date the payment is made if the contractor pays in person. This is computed by

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subtracting the Julian date of the interest from the Julian date of the postmark on the envelope or date of payment.

NOTE: This results in the interest period being figured to the day preceding the postmark date. Retain the envelope with the postmark in the debt file.

C3.8.2.1.2. *Offsets from Bid Deposits of Successful Bidders Whereby the Deposits Exceed the Total Award Amount.* The interest period is figured from the beginning date of interest to the date preceding award. This is computed by subtracting the Julian date of award from the beginning date of interest.

C3.8.2.1.3. *Offsets from Bid Deposits of Unsuccessful Bidders.* The interest period is figured from the beginning date of interest to the date that the bidder is determined to be unsuccessful. This is computed by subtracting the Julian date of determination from the beginning date of interest.

C3.8.2.1.4. *Offsets Resulting from Under Delivery of Property.* The interest period is figured from the beginning date of interest to the date preceding the final delivery date. This is computed by subtracting the Julian date of interest from the Julian date of final delivery.

C3.8.2.1.5. *Offsets Resulting from Amounts in Excess of Liquidated Damages.* The interest period is figured from the beginning date of interest to the day preceding the final cure date. This is computed by subtracting the Julian date of interest from the Julian date of the final cure date.

EXCEPTION: If the contractor voluntarily defaults prior to the final cure date, use the date preceding the postmarked date on the envelope.

C3.8.2.1.6. *Insufficient Funds Available to Cover the Entire Debt.* Apply payments to the principal first and the interest second.

C3.8.2.1.6.1 If payment is sufficient to cover the entire principal amount, but not the entire interest due, remaining interest of less than \$25.00 can be written off and further collection actions ceased. DRMS-RF will determine if amount is to be written off.

C3.8.2.1.6.2 If payment is insufficient to cover entire principal amount, debt remains open and interest is computed on the unpaid balance (i.e., compute interest on full principal from interest start date to date of partial payment and then compute additional interest on remaining principal from partial pay date to date of final payment.

C3.8.2.1.6.3 At any time that unpaid balance (principal + interest) is less than \$25.00, write off the unpaid balance and inactivate the debt.

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NOTE: If interest period crosses calendar years, the number of days will have to be computed from interest start day to the end of the calendar year, then add that to the number of days from start of the next calendar year to payment date. Round any fractional remainder to the next higher number. This number is then added to the Julian date of interest to establish the interest period covered by the offset or payment.

C3.8.3. Determination of the Daily Interest Rate

C3.8.3.1. Multiply the principal amount of the debt by the applicable interest rate established by the Treasury Secretary and published in the Federal Register every 6 months to determine the interest charge for 1 year; carry to two decimal places (cents) and do not round off. Divide this charge by 365 or 366 as applicable to determine the daily interest rate. Carry the result to three decimal places and do not round off.

C3.8.4. Determination of the Interest Charge

C3.8.4.1. Determine the interest charge by multiplying the daily interest rate by the number of days the principal was outstanding (i.e., interest period), see Debt Payments, 3.8.2.1.1., above, carry to two decimal places (cents) and do not round off. If this charge exceeds the funds available, see Debt Payments, 3.8.2.1.5. above.

C3.9. **Retail Sales**

C3.9.1. Procedures for the Control of Retail Sales Proceeds by Cashiers

C3.9.1.1. *Retail Sales.* Receive and deposit retail sale proceeds using the following procedures:

C3.9.1.1.1. Forms of payment for retail sales include cash, US Treasury approved credit cards, guaranteed negotiable instruments made payable to or endorsed to the US Treasury in any form (e.g., cashier's check, certified check, traveler's check, bank draft and/or postal or telegraphic money order). When accepting checks, money orders, etc., they should be for the amount of purchase. To ensure that the authorized amount of cash in the change fund is maintained, accept checks/money orders over the amount of purchase only if furnishing change will not cause the change fund to go below the amount authorized otherwise do a manual refund SF-1049.

C3.9.1.1.2. Cashiers will allow returns and/or refunds of retail sale property on the day of the sale only (during retail sales hours of operation). Any refunds will be in the same manner as the original purchase (i.e., cash to cash, credit to credit card). If the return, and subsequent refund, is for the exact amount of the check, the check will be returned to the customer. If a customer pays for more than one item with a check and returns less than all the items, the Cashier will refund cash only if the refund does not deplete the cash change fund below the authorized amount. If this does happen, the Cashier will obtain the customer's name

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and address, prepare a SF 1049 and advise the customer that a check will be sent to them for the amount of refund from DFAS-CO in approximately 2-4 weeks.

C3.9.1.1.3. Deposit proceeds from retail sales with the designated financial institution, in assigned Treasury General Account (TGA), the same day as the sale (or the next business day for those conducting a retail sale during the weekend). Forward the DD Form 1131 to DFAS-CO-FPDRC via facsimile the same day as the deposit (or the next working day for those conducting retail sales over the weekend). Use reference control numbers to identify the series of transactions under the system in use. Cite the appropriate deposit fund account on DD Form 1131 (see Disposition of Proceeds, 3.5.1.4., this instruction).

C3.9.1.2. Reconciliation of Proceeds

C3.9.1.2.1. *Cash Register.* Authorized cash registers for use in retail sales are those that contain a continuous tape and produce customer's receipts stamped with the name of the installation and date of sale. Itemized price of each article sold will be recorded on the tape. The total amount of proceeds recorded on the tape should equal the total amount of money collected by the cashier (i.e., tape total equals cash on hand less change fund). Use the continuous tapes as supporting documentation to DD Form 1131 and retain for a period of 3 years.

C3.9.1.2.2. *Retail Sales Tag, DRMS Form 198 or retail data sales price tag.* Attach a DRMS Form 198 to each retail sale item as specified in Section 2, Chapter 6, Sales. Total dollar value of tags should equal total amount of money collected by the cashier for the sale. The cashier prepares supporting documents to the DD Form 1131 and retains for a period of 3 years.

C3.10. Collection of Fund/Cash Irregularities

C3.10.1. Collection of Funds at DRMOs

C3.10.1.1. If the DRMO is experiencing difficulties with procedures for the collection and disposition of funds, submit a request in writing to DRMS-RF with justification for any deviation to established procedures.

C3.10.2. Reporting of Cash Irregularities in Property Sales

C3.10.2.1. *Cash Shortage.* When it has been determined that a cash shortage exists, the cashier will prepare a separate DD Form 1131 showing the actual amount of the deposit and including a statement as to the amount and application of the cash shortage. Make an entry on the DRMS Form 1578 to show the amount of the DD Form 1131 and the cash shortage (shown in brackets).

C3.10.2.2. *Cash Overage.* Whenever a cash overage exists, regardless of the amount,

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a separate DD Form 1131 will be prepared in the amount of the unexplained balance. Treat the DD Form 1131 as a collection for credit to deposit fund account 97X6501, Suspense. Make an entry on the DRMS Form 1578 to show the amount of the DD Form 1131 and the cash overage.

C3.10.2.3. *Formal Report.* When irregularities or deficiencies are disclosed by cash verification, prepare a formal report and submit (NLT 10 workdays after discovery of the irregularity) in accordance with DOD 7000.14-R, Financial Management Regulation. Furnish a formal report covering irregularities or deficiencies disclosed by the cash verification to DRMS-RF for review and necessary corrective action. DRMS-RF is responsible for review and necessary corrective action for formal reports submitted by DRMO Central. The DRMO Chief is responsible for the timeliness and completeness of all administrative reports submitted to DRMS-RF. If applicable, furnish a copy of this report to the appropriate accountable officer for property adjustments. If no response or request for additional information is received from DRMS-RF within 60 days from the date the report was forwarded, the Sales Contracting Officer can close out the sale. But a copy of the report of cash irregularity and a memorandum for record (MFR) stating that no follow-up from DRMS-RF has been received is to be included in the sales file. The closing of a sale in this manner in no way relieves the parties involved of financial responsibility. The administrative report will include:

C3.10.2.3.1. A detailed statement of facts, including the type of irregularity/deficiency, date, amount and names of individuals involved.

C3.10.2.3.2. A citation to pertinent supporting documents such as, contracts and vouchers (i.e., DD Form 1131, DRMS Form 1578, and DRMS Form 1427).

C3.10.2.3.3. A description of how the irregularity/deficiency occurred.

C3.10.2.3.4. Significant information on procedural deficiencies, if known, and the corrective action to be taken.

C3.10.2.3.5. A statement that the loss occurred in the line of duty, and with or without fault or negligence on the part of person(s) responsible.

C3.10.2.4. *Adjustment.* Accomplish the adjustment of discovered irregularities (overages) in the following manner:

C3.10.2.4.1. If it is determined that the amount should not have been accounted for as a collection, prepare a SF 1049, made payable to adjustments. This action reverses the erroneous collection and accounts for the funds in the proper manner.

C3.10.2.4.2. If it is discovered that the amount should have been reported as a collection for credit to an accounting classification other than 97X6501, make the adjustment by use of an SF 1080 charging account 97X6501 and crediting the proper appropriation or fund account.

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C3.10.2.4.3. After every reasonable effort to discover the source and disposition of the balance has proven unsuccessful, remove the amount from suspense to Deposit Fund (Miscellaneous) Receipt Account 1060, Forfeitures of Unclaimed Money and Property.

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